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TABLE OF CONTENTS

MESSAGE FROM THE CHAIR TO THE MINISTER RESPONSIBLE 1

REPORT ON PERFORMANCE 5

Goal 1 - Maximize revenues and economic growth 6
Goal 2 - Maintain and increase client services and satisfaction 9
Goal 3 - Maintain and improve the facilities under our management 10
Goal 4 – Increase innovation, learning, growth and development in our workforce 11

ALIGNMENT WITH GOVERNMENT'S STRATEGIC PLAN 12

FINANCIAL REPORT 13

CORPORATE GOVERNANCE 28

INFORMATION ON OPERATING SEGMENTS 29

WHERE TO FIND US 34

MESSAGE FROM THE CHAIR TO THE MINISTER RESPONSIBLE

PavCo's mandate is to increase economic benefits to British Columbia through operations of BC Place Stadium, Vancouver Convention & Exhibition Centre, and the Bridge Studios. As a result of a robust provincial economy during Fiscal 2005/06, solid performance was achieved at the facilities, and this positive trend is expected to continue through Fiscal 2006/07.

Although most business in PavCo's facilities is booked well in advance, revenues and attendance levels can fluctuate significantly due to economic conditions, global security issues, sport team performance, weather, and general industry trends at the time of the event. Event booking targets for future years have been met, although client uncertainty over passport requirements for return to the USA, combined with the effects of appreciation of the Canadian dollar, presented significant challenges to sales staff.

PavCo met or exceeded most of its Service Plan targets during the year. The continuation of tax-credit incentives for the movie industry created a strong market for film production in the province, thereby increasing occupancy, profitability, and economic benefits at the Bridge Studios. Outstanding performance early in the season by the BC Lions football team and additional events boosted attendance levels and revenues significantly for BC Place Stadium. Fewer short-notice bookings than anticipated meant that non-resident delegate attendees at the Vancouver Convention & Exhibition Centre were reduced from projections. Factors to be addressed in the immediate future include increased competition from other cities, a stronger Canadian currency, and reduced travel by US delegates. These factors combined have slowed growth in the Canadian meetings industry.

The strong local economy contributed to improved attendance at BC Place Stadium events. The most significant investment during the year was the purchase of artificial turf, to replace the existing deteriorating field, thereby bringing the Stadium's field conditions up to the standards of other competing sports facilities. The event highlight of the year was the 93rd Grey Cup game between Edmonton and Montreal which played to a capacity crowd, thereby generating significant economic activity to British Columbia.

Looking forward, PavCo will continue to focus on building its business activity to generate maximum return to the shareholder through effective use of subsidies provided. In particular, Vancouver Convention & Exhibition Centre, together with industry partners, is aggressively marketing the expansion of the facility in order to maximize utilization following project completion in late 2008. The expansion will more than triple the space currently operated, and will increase Vancouver's marketability when competing with other North American and international cities for key convention business. The strong presence of the Vancouver Convention & Exhibition Centre in the international market, combined with major international exposure generated by expansion promotions has strengthened business prospects for the facility. PavCo continues to work with the shareholder to determine the most effective operating model for the expanded facility.

At BC Place Stadium, the focus will be on attendance building and asset revitalization in readiness for the 2010 Winter Olympic and Paralympic Games. With aging facilities, ongoing investment in infrastructure is required to meet the standards to maintain competitiveness in the marketplace.

The 2005/06 PavCo Annual Report was prepared under my direction in accordance with the Budget Transparency and Accountability Act. I am accountable for the contents of the report, including

selection of performance measures and how the results have been reported. The information presented reflects the actual performance of PavCo for the 12 months ended March 31, 2006. All significant decisions, events and identified risks, as of May 31, 2006 have been considered in preparing the report. The information presented is prepared in accordance with the BC Reporting Principles and represents a comprehensive picture of our actual performance in relation to our service plan. The measures presented are consistent with PavCo's mission, goals and objectives, and focus on aspects critical to the organization's performance.

I am responsible for ensuring internal controls are in place to ensure performance information is measured accurately and in a timely fashion.

This report contains estimates and interpretive information that represent the best judgement of management. Any significant limitations in the reliability of data are identified in the report.

On behalf of the Board of Directors, I wish to thank the Minister of Tourism, Sport and the Arts, management and staff for their contribution to the results of this past year and to the continued success of PavCo.

Doris Bradstreet Daughney
Chair of the Board

ORGANIZATIONAL OVERVIEW

B.C. Pavilion Corporation is a British Columbia corporation incorporated in 1984 under the *Company Act* of British Columbia, continued under *the Business Corporations Act*.

B.C. Pavilion Corporation registered PavCo as a business name under the *Partnership Act (British Columbia)* on September 23, 1999.

There are also a number of other statutes relevant to B.C. Pavilion Corporation - the most significant being the *British Columbia Enterprise Corporation Act,* which names it an agent of the government, binds it by the same laws as the government, and gives it the same immunities as the government.

PavCo is responsible to the Minister of Tourism, Sport and the Arts through a Board of Directors appointed by Government.

PavCo operates three public facilities within the lower mainland of British Columbia namely the Vancouver Convention & Exhibition Centre, BC Place Stadium, and the Bridge Studios. These facilities provide space for conventions, trade and consumer shows, film and TV productions, sporting events, and a variety of special events. BC Place Stadium and the Bridge Studios are owned and operated by PavCo: Vancouver Convention & Exhibition Centre is leased from Canada Place Corporation, a Federal Government Authority.

Vancouver Convention & Exhibition Centre has been developed to generate economic benefits for British Columbia. This is accomplished by generating direct business for the hospitality and tourism industry in the Province as well as assisting in the development of trade and investment benefits by increasing Vancouver's profile as a centre for professional development and business activity.

BC Place Stadium was designed as a multi-purpose facility for sporting shows as well as trade and consumer shows, thereby serving key community and provincial functions.

The Bridge Studios was created to develop the film industry in British Columbia at a time when limited studio space was available in the private sector. The Bridge Studios generates significant economic benefits and plays a large part in providing infrastructure for the film and TV industry in the Province. Subsequent to year-end, PavCo was directed by Government to undertake a process to sell the Bridge Studios during Fiscal 2006/07.

As operator of three facilities, PavCo contracts many of the event functions to third parties in order to achieve the most effective service delivery model. The most significant contracts are with Servomation Inc, which provides foodservices at BC Place Stadium and the Vancouver Convention & Exhibition Centre. At the Bridge Studios, PavCo operates a turnkey service where the clients procure most of their production services from third party suppliers.

Principal stakeholders of PavCo include: the Provincial Government, businesses and associations representing the tourism and hospitality industry, film production companies, clients renting space for events, suppliers of goods and services to events, and the public attending events.

VISION

To be a recognized leader in event facility management.

MISSION

To provide an event experience that exceeds the expectations of our clients and guests.

MANDATE

To generate economic and community benefit for the people of British Columbia through the prudent management of public facilities.

VALUES

Quality and Service – We set and meet the highest standards of service.

Respect, Fairness, and Honest Communication – We treat each other as we wish to be treated, and we openly share information to increase employee understanding and meaningful involvement.

Financial Responsibility – We make significant economic contributions to the Province and generate revenues to offset our operating costs.

Creativity and Innovation – We take responsible risks to find better ways, new methods and processes to get the job done.

Enthusiasm – We show our enjoyment of our work.

Environmental Responsibility – We continually look for new ways of conducting our business to reduce environmental impacts.

Integrity – We apply our values and deliver on our promises.

REPORT ON PERFORMANCE

PavCo's solid performance in Fiscal 2005/06 reflected the strong economy in British Columbia. During the peak show seasons, both BC Place Stadium and Vancouver Convention & Exhibition Centre were full, with no free rental dates available. At the Bridge Studios, the major TV contracts renewed for a further year, and remaining short-term rental space was quickly leased for movie and commercial shoots. BC Place Stadium was the venue for the 93rd Grey Cup to a near-capacity crowd. Convention levels fell short of the record levels of Fiscal 2004/05, with overall revenues for the Vancouver Convention & Exhibition Centre the second highest in the past six years.

Construction of the expansion to Vancouver Convention & Exhibition Centre progressed and the layout plans for most of the interior space were completed. Confirmation of a late 2008 opening enabled staff to book events for 2008 and early 2009. At March 31, 2006, there were 60 events in the booking process for the post-opening period, which is on target with projections. The combined total of non-resident days associated with both confirmed and tentative events already exceeds business targets for 2009 - 2011. The management structure at the Vancouver Convention & Exhibition Centre was reorganized during the year in order to best prepare it for the process leading up to, and following completion of the Expansion. Staff worked with the Vancouver Convention Centre Expansion Project to negotiate supplier operating agreements for the expanded facility. The foodservice agreement for the expanded facility was signed by year-end, and other major contract negotiations are expected to complete in the upcoming Fiscal year.

PavCo generated $481 million in economic benefits during the year. This was significantly higher than for Fiscal 2004/05. At BC Place Stadium, both teams playing in the 93rd Grey Cup were from out-of-province. This, combined with an unbudgeted football playoff game, generated higher economic benefits. At the Bridge Studios, the production of more feature films versus TV shows increased benefits. At Vancouver Convention & Exhibition Centre, benefits were higher than forecast, but fewer non-resident delegates attending events than during Fiscal 2004/05 resulted in lower benefits being generated than for Fiscal 2004/05.

The worldwide inventory of convention and exhibition space has increased significantly over the past several years, with supply exceeding demand in some areas. Vancouver's reputation as a safe city and the image of Vancouver Convention & Exhibition Centre as a facility with service excellence, and competitive rates have resulted in strong demand for PavCo's space. The recent rise in the value of the Canadian currency and the uncertain effects of new passport regulations for US visitors could have a negative impact on future US business levels, especially at Vancouver Convention & Exhibition Centre and the Bridge Studios. However, Vancouver Convention & Exhibition Centre's market diversification means that these largely US impacts will likely be balanced by business from other international markets.

In keeping with other facilities worldwide, market rental rates at BC Place Stadium and Vancouver Convention & Exhibition Centre are such that revenues from operations are insufficient to cover operating and capital expenses. The resulting shortfalls are covered by an annual contribution from the Ministry Tourism, Sport and the Arts, and represent a small proportion of the overall economic benefits generated.

BC Place Stadium supports the local trade and consumer show markets, and provides space for exhibitions too large to be held elsewhere. It is also the venue for large spectator events, and will be

the host venue for the Opening and Closing Ceremonies at the 2010 Winter Olympic Games, the Opening Ceremonies at the 2010 Paralympic Games, and nightly medal awards.

PavCo has rephrased and revised certain goals and targets since publication of the Updated 2005/06 to 2007/08 Service Plan. Appendix 1 provides additional information regarding the comparison of new and prior performance measures and the sources of data for the measures.

STRATEGIC GOALS

PavCo's strategic goals are as follows:

1. Maximize revenues and economic growth, and use funding in a manner that provides optimum return to the shareholder
2. Maintain and increase client services and satisfaction
3. Maintain and improve the facilities under our management
4. Increase innovation, learning, and growth

Goal 1 - Maximize revenues and economic growth, and use funding in a manner that provides optimum return to the shareholder

We strive to achieve our mandate, which is to generate economic and community benefit for the people of British Columbia through the prudent management of public facilities. The events held at our facilities support British Columbia's business and leisure tourism industry, as well as its trade development infrastructure. Our clients and guests from out-of-Province fill hotel rooms, patronize local businesses, and conduct pre- and post- event activities throughout the Province.

PavCo also strives to meet its financial targets each year to ensure financial sustainability and to minimize its reliance on shareholder funding. Client expectations and competition from other venues are causing downward pressure on revenues, while our ageing facilities and external challenges are creating an upward pressure on cost. It is important for PavCo to maximize private sector revenue and to use the funding provided in the areas most likely to generate long-term profitability and benefit to the organization and British Columbia.

As the organization taking the lead role in sales and marketing programs for the expansion of the Vancouver Convention & Exhibition Centre, we also need to ensure that the combined facility is utilized at optimum levels upon opening in late 2008.

Key Strategies

Improve the return to the shareholder on its investment in PavCo's facilities, primarily through:

- seeking events from out-of-Province that will generate the maximum amount of economic benefits to our community;
- seeking events that will promote growth and support for British Columbia's business base;
- diversifying markets to stabilize long term business;
- repositioning our facilities as being more flexible to users; and
- increasing operational efficiencies.

Performance Measures and Targets

Compare economic benefits generated: Economic benefits are calculated on surveyed or estimated expenditures by organizers and visitors at events in our facilities, subsequent spending in the Province following the event activity, and the multiplier effect through the economy of such spending. Actual results for 2005/06 and projections for 2006/07 were calculated in March 2006. Estimates for subsequent years have been prepared by PavCo management based on anticipated attendance and activity at the facilities.

	Actual 03/04	Actual 04/05	Forecast 05/06	Actual 05/06	Targets 06/07	Targets 07/08
Performance Measure – Compare economic benefits generated						
VCEC	$149m	$214m	$196m	$202m	$209m	$220m
BC Place Stadium[1]	$17m	$19m	$30m	$33m	$21m	$21m
The Bridge Studios	$241m	$190m	$231m	$246m	$245m	$260m

PavCo generated an estimated $481 million in net economic benefits to the province through its activities during Fiscal 2005/06, compared to a forecast of $457 million, and Fiscal 2004/05 actual results of $423 million.

Benefits of $246 million generated from activities at the Bridge Studios, increased by $15 million from the Fiscal 2005/06 forecast and by $56 million from Fiscal 2004/05. This was a result of the higher production costs of shows being filmed at the facility. PavCo uses industry-calculated estimates for total British Columbia costs of productions occurring at the Bridge Studios in order to calculate economic benefits generated on those productions.

Benefits accrued to the Province of British Columbia of $33 million generated from activities at BC Place Stadium increased by $3 million from forecast and by $14 million from Fiscal 2004/05 results, due to the occurrence of new events, and increased attendance at events. Economic benefits are calculated on per-diem spending by out-of-province attendees, exhibitors and producers.

Benefits of $202 million generated from activity at Vancouver Convention & Exhibition Centre were $6 million higher than the Fiscal 2005/06 forecast, but $12 million lower than the Fiscal 2004/05 results, which was a record year well above the trend average. This was a result of a slight reduction in the number of delegates attending major events relative to the prior record year. Economic benefits at Vancouver Convention & Exhibition Centre for Fiscal 2004/05 have been revised from the original estimate of $196 million due to the inclusion of producer expenditures in calculations.

Operating subsidy for the facilities (before depreciation) – PavCo strives to retain the lowest subsidy levels possible at Vancouver Convention & Exhibition Centre and BC Place Stadium while investing adequate resources in order to maintain the highest possible economic impact. The subsidy level at Vancouver Convention & Exhibition Centre continues to rise as a result of advance marketing initiatives for expansion and preparations for operating the expanded facility. At BC Place Stadium, there is close to full occupancy in the main show season, but limited demand for space in the quieter summer months, resulting in an operating deficit.

[1] The 2005/06 forecast, and 2006/07 target for economic benefits at BC Place Stadium were revised from the numbers reported in the 2005/06 to 2007/08 updated Service Plan due to the use of more widely acceptable factors within the model for calculating benefits generated by stadiums and arenas. Results for 2004/05 were recalculated from those previously reported for comparable purposes.

	Actual 03/04	Actual 04/05	Forecast 05/06	Actual 05/06	Targets 06/07	07/08
Performance Measure – subsidy for the facilities, including capital (before depreciation) [2] in $ millions						
VCEC – subsidy including capital	$0.296	$0.959	$2.239	$2.526	$3.044	$3.113
BC Place Stadium – subsidy including capital	$2.179	$3.208	$4.342	$4.160	$2.932	$2.994

As forecast, the operating subsidy for Fiscal 2005/06 at the Vancouver Convention & Exhibition Centre was significantly higher than for Fiscal 2004/05, due to lower average attendance at major events, and increased costs incurred relating to the expansion of the facility. During Fiscal 2005/06, revenues and gross margin exceeded projections as a result of higher spending by clients at events. Facility costs were higher than forecast mainly due to change of the organizational structure in preparation for the expanded facility.

The subsidy for BC Place Stadium was forecast to be higher than for Fiscal 2004/05 due to the purchase of artificial turf for the facility. Operating results were better than expected with increased attendance at events, including Grey Cup.

Revenues at the Bridge Studios – Revenues at the Bridge Studios increase if high occupancy levels are maintained and stepped increases in existing rental agreements are achieved. Higher occupancy levels also result in increased generation of economic benefits to the Province.

	Actual 03/04	Actual 04/05	Forecast 05/06	Actual 05/06	Targets 06/07	07/08
Performance Measure – Revenues at the Bridge Studios						
The Bridge Studios	$3.789m	$3.352m	$3.536m	$4.503m	$3.988m	$4.190m

Revenues at the Bridge Studios significantly exceeded expectation for the year as a result of an improved market for film production in the lower mainland of British Columbia, and close to full occupancy of the facility.

Increased non-resident delegate days at VCEC - Most of the economic benefit generated by the VCEC is through the attendance of non-resident delegates at conventions. VCEC's first priority is to maximize the number of non-resident delegates visiting Vancouver.

	Actual 03/04	Actual 04/05	Forecast 05/06	Actual 05/06	Targets 06/07	07/08
Performance Measure – Number of non-resident delegate days at VCEC						
VCEC[3]	N/A	146,484	178,442	139,283	189,925	199,983

[2] Facility subsidies as reported in the September 2005 Updated Service Plan did not include capital upgrades. Capital amounts have now been included to make a meaningful comparison of overall costs.

[3] Estimates of future non-resident delegate days have been adjusted since preparation of the 2005/06 to 2007/08 Service Plan as a result of a revised business analysis by HLT/KPMG. Revised expectations for Fiscal 2005/06 were 142,701 non-resident delegates and, as presented in the 2006/07 to 2008/09 Service Plan are forecast at 149,703 non-resident delegates in Fiscal 2006/07 and 151,646 non-resident delegates in Fiscal 2007/08.

Non-resident delegate days for Fiscal 2005/06 were lower than target as some events were smaller than originally anticipated. However, an aggressive marketing campaign is underway to promote awareness

of the Expansion to the Convention Centre, and sell space in the expanded facility. Current confirmed and tentative business for the period 2010 to 2011 already exceed projections.

Increased attendance at BC Place Stadium - Increased attendance levels at BC Place Stadium drives higher sales of stadium services, including food and beverage sales. As the number of patrons and events increase, the facility becomes more attractive for corporate sponsors to purchase interior signage and exclusive supply rights.

	Actual 03/04	Actual 04/05	Forecast 05/06	Actual 05/06	Targets 06/07	07/08
Performance Measure – Attendance at BC Place Stadium (in thousands)						
BC Place Stadium	768	884	903	1,021	850	870

Attendance at BC Place Stadium for Fiscal 2005/06 significantly exceeded the target as a result of the 93rd Grey Cup and an unanticipated football playoff game. For future years, attendance will return to historical levels. Playoff games for football are not included in target levels due to inherent uncertainty.

Goal 2 - Maintain and increase client services and satisfaction

By increasing the satisfaction of our customers, PavCo's reputation as an organization capable of attracting and producing world-class events will drive attendance levels up in the future. This will further enable us to achieve our primary goal of maximizing economic growth to British Columbia. Many of our guests from out-of-province spend extra time in the region post event, and later, return with their families as tourists.

Key Strategies

- maintain a high level of service to support retaining our customers;
- work with our industry partners to attract guests who will bring the greatest amount of benefits to the local and Provincial economies; and
- promote our facilities as the preferred venues for client target markets.

Performance Measures and Targets

Service Quality Survey Scores – We conduct quality surveys with clients and guests at our facilities to determine their expectations and satisfaction levels. We will improve service levels where possible. The event business is very competitive, and client satisfaction is critical. Negative experiences can lead to clients failing to return, or not recommending our facilities to other potential clients.

For the period to Fiscal 2007/08, service quality scores at VCEC are expected to decline as a result of noise and disruption from nearby construction. In addition to the Expansion, there will be a major hotel project adjacent to the Expansion, and work on transportation infrastructure until Fiscal 2010. Also, the VCEC infrastructure is ageing and fit and finish is falling below clients' expectations. A partial retrofit is expected following opening of the Expansion. Staff are committed to providing the highest levels of service.

	Actual 03/04	Actual 04/05	Forecast 05/06	Actual 05/06	Targets 06/07	07/08
Performance Measure – Service Quality Survey Scores						
VCEC	80%	84%	81%	84%	80%	78%
BC Place Stadium	83%	83%	85%	87%	85%	85%

At Vancouver Convention & Exhibition Centre, client satisfaction exceeded forecast. However, maintaining and increasing the level of satisfaction at the facility over the next three years will be a significant challenge due to the ongoing issues of construction, traffic, and increasingly out of date technology, building systems and finishings.

Client satisfaction increased marginally at BC Place Stadium. During the year, the "Be a Fan, Not a Fool" programme was introduced at the facility, and resulted in an increase in satisfaction from BC Lions management. Satisfaction at the facility is not expected to improve in the period to Fiscal 2007/08 without upgrades to address the effects of the ageing facility.

Percentage retention of existing business – At BC Place Stadium, most of our business is from repeat clients who return on a regular basis. We strive to retain our core business. It is very costly to attract new events, and is disruptive to shows if event schedules need changing. We will improve our service levels wherever possible in order to retain our clients.

	Actual 03/04	Actual 04/05	Forecast 05/06	Actual 05/06	Targets 06/07	Targets 07/08
Performance Measure – Percentage retention of existing business						
BC Place Stadium	94%	96%	90%	96%	90%	90%

It was anticipated that some events that have occurred at BC Place Stadium for several years would not be retained for Fiscal 2005/06 due to declining attendance numbers and competition from other venues to attract their business. However, most of the events considered to be at risk of leaving the facility renewed their contracts.

Goal 3 - Maintain and improve the facilities under our management

We will maintain our facilities to the best standard possible in order to attract new clients. We have developed repair plans at each of our facilities, and plan for improvement and expansion of some of our services. Improvement to our properties will make us more competitive with other facilities and should result in an increase in overall occupancy and profitability. At the Bridge Studios, repairs and improvements may disturb soils contaminated through previous site use. We will monitor the contaminants and remediate as appropriate. During Fiscal 2005/06 environmental regulations were followed as required.

VCEC and BC Place Stadium will both be used for high-profile activities during the 2010 Winter Olympic and Paralympic Games. A retrofit of the existing VCEC is anticipated before the games, and options for refurbishing BC Place Stadium are being developed to bring the facility to acceptable standards for the Games.

Key Strategy

- implement repair and maintenance plans to improve the facilities under our management

Performance Measure and Targets

Gross margin on events: ongoing repairs and maintenance to our equipment and facilities at BC Place Stadium ensure clients hold their events with us, and assist us in maximizing margins on those events.

	Actual 03/04	Actual 04/05	Forecast 05/06	Actual 05/06	Targets 06/07	07/08
Performance Measure – compare the gross margin received on events						
BC Place Stadium	50%	49%	49%	49%	45%	45%

Margins were consistent with historical normals in Fiscal 2005/06. The gross margin excludes professional football, for which most of the staff and service costs are not recoverable. Professional football gross margins were 19% in Fiscal 2005/06 and are targeted at 9% in Fiscal 2006/07. Fiscal 2005/06 included Grey Cup, which will not be repeated in fiscal 2007.

Percentage Occupancy at the Bridge Studios – The film business is highly competitive, and sensitive to economic downturns. Film producers select studios based on service quality and professionalism. We will improve our service levels and give producers a choice of value added products in order for them to conduct business in the most profitable manner.

	Actual 03/04	Actual 04/05	Forecast 05/06	Actual 05/06	Targets 06/07	07/08
Performance Measure – Percentage occupancy at the Bridge Studios						
The Bridge Studios	93%	93%	95%	95%	95%	95%

Occupancy at the Bridge Studios met expectations. Following a period of uncertainty due to appreciation of the Canadian dollar compared to the US currency and significant competition from other jurisdictions, tax incentives to the film industry were increased. This, combined with the lower mainland being a preferred location to conduct business, contributed to high occupancy in the region for the year. Some of the Bridge Studios' space inventory is for short-term office rental, and is leased on a month-to-month basis to production companies not using the facility for filming. The Bridge Studios reputation for excellent customer service and flexibility was a factor that made the Studios a location of choice.

Goal 4 – Increase innovation, learning, growth and development in our workforce

We strive to keep our employee skills at optimum levels so that they can participate in our operations in a professional and meaningful way. The new skills that they acquire through their learning activities will maintain PavCo as a leading organization for innovation and creativity in its industry sector. We will monitor training activity and measure the rate of staff retention.

Key Strategies

- continue to support staff development in required skill areas, build capacity and motivation to achieve our strategic goals; and
- implement a performance-contingent compensation system.

Performance Measure and Targets

Employee retention – At BC Place Stadium, many of our staff hold technical qualifications. In the tightening employment market, there is high demand for trades staff, and it is increasingly difficult to attract them to our facilities. Through continuous improvement programs we will strive to retain a high proportion of our employees on a long-term basis. Due to the cyclical nature of our events, it is also a challenge to retain our part-time employees, and the ongoing hiring process is costly.

	Actual 03/04	Actual 04/05	Forecast 05/06	Actual 05/06	Targets 06/07	07/08
Performance Measure – Employee retention						
BC Place Stadium – Employee retention	91%	89%	89%	82%	90%	90%

Employee retention levels decreased at BC Place Stadium due to turnover in one of the full-time unionized departments. The department is now fully staffed, and new employees fully trained. A recurrence of this turnover is not anticipated.

Innovation, learning and growth - Develop and maintain the necessary skills, capacity and motivation to successfully execute our strategic plan.

	Actual 03/04	Actual 04/05	Forecast 05/06	Actual 05/06	Targets 06/07	07/08
Performance Measure – training hours and costs per employee						
VCEC	N/A	$609	$800	$972	$900	$900
The Bridge Studios - Training hours per employee	N/A	5.5	10	14	10	10

Training costs at Vancouver Convention & Exhibition Centre include the cost of external courses attended by staff in addition to the cost of internal training programmes. Salary and benefit costs incurred while training are not included.

Training hours at the Bridge Studios were higher than forecast and higher than the previous year due to the hire of new employees.

ALIGNMENT WITH GOVERNMENT'S STRATEGIC PLAN

PavCo's three-year Service Plan is prepared with reference to, and guidance from, the Government's Five Goals as outlined in the February 2005 Throne Speech. PavCo's business aligns with a number of these goals, including:

- Create more jobs per capita than anywhere else in Canada;
- Lead the world in sustainable environmental management; and
- Make BC the best educated, most literate jurisdiction on the continent.

Major international conventions and exhibitions hosted at the Vancouver Convention & Exhibition Centre advance research, technology and professional development, thereby promoting both education and literacy in British Columbia. The Vancouver Convention & Exhibition Centre expansion is a model of sustainable design and construction, as are Vancouver Convention & Exhibition Centre's environmental practices. Together these serve as evidence of British Columbia's environmental commitment. Finally, business attracted to PavCo's facilities stimulates the provincial economy and creates many jobs in the hospitality and service industry.

FINANCIAL REPORT

Management Discussion and Analysis

Management is pleased to present the financial results of PavCo for the year ended March 31, 2006.

In Fiscal 2005/06, PavCo lost $4.249 million on operations prior to both non-recurring expenses and government contributions. This compares to losses of $3.473 million in Fiscal 2004/05, and $4.711 million in Fiscal 2003/04.

Operations

Revenue for the year at $32.628 million increased by $2.868 million from Fiscal 2004/05 due to an increase in events occurring at BC Place Stadium, and increased occupancy at the Bridge Studios. Revenues declined slightly at Vancouver Convention & Exhibition Centre marginally from the record Fiscal 2004/05 as a result of somewhat reduced attendance at larger conventions, but performance is still consistent with long-term averages. Revenues were also $5.293 million higher than for Fiscal 2003/04 due to improved performance from BC Place Stadium and the Bridge Studios.[4]

Direct costs of $15.604 million increased by $0.936 million from Fiscal 2004/05, and $2.822 million from Fiscal 2003/04. The costs were in line with expectations for their particular revenue types. The gross margin at $17.024 million increased by $1.932 million from Fiscal 2004/05, and $2.471 million from Fiscal 2003/04, and was consistent with the change in event revenue mix.

Facility operating costs, including depreciation at $21.273 million, were $2.708 million higher than Fiscal 2004/05 and $2.009 million higher than for Fiscal 2003/04. Depreciation increased from 2004/05, due to a higher number of asset-replacement projects undertaken. The largest increase in facility costs was in staffing.

Staffing costs at $7.311 million were $1.145 million higher than for Fiscal 2004/05. They were also $1.145 million higher than for Fiscal 2003/04. During Fiscal 2005/06, staffing numbers increased due to reorganization at Vancouver Convention & Exhibition Centre in preparation for the opening of the expanded facility.

Building operating costs at $6.055 million increased by $0.645 million from Fiscal 2004/05, and also $0.594 million higher than for Fiscal 2003/04. This was a result of increased building maintenance projects and higher utilities rates and usage.

General and administration costs at $2.123 million were $0.192 million lower than for Fiscal 2004/05 and $0.052 million lower than for Fiscal 2003/04. Reduced insurance premiums were partially offset by higher computer expenses.

Business development costs at $1.316 million were $0.016 million higher than for Fiscal 2004/05 and $0.630 higher than for Fiscal 2003/04. Sales and Marketing activity for Vancouver Convention & Exhibition Centre, which commenced in Fiscal 2004/05, continued through Fiscal 2005/06 at about the same level, but promotional expenditures decreased slightly as a result of staff turnover in the sales area.

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[4] Revenues for Fiscal 2003/04 also included income from Tradex of $0.67 million, which was transferred to the City of Abbotsford in 2003.

Fees at $1.301 million in Fiscal 2005/06 were $0.497 million higher than in Fiscal 2004/05 and $0.468 million higher than for Fiscal 2003/04. During Fiscal 2005/06, several initiatives were undertaken at Vancouver Convention & Exhibition Centre in advance of expansion.

Capital expenditures during the year were $3.696 million. The largest portion of this was $1.51 million on artificial turf and related product at BC Place Stadium, and $0.404 million on foodservice equipment as per supplier agreements. The balance was for major repairs and upgrades to assets at PavCo's facilities.

The carrying value of BC Place Stadium was written down by $75 million during Fiscal 2004/05, as the future projected cash flows and possible proceeds from disposition fell significantly short of the original carrying value recorded. Depreciation on the structure of BC Place Stadium is now being recorded on a straight line basis over the life of the facility.

Future Outlook

Revenue expectations for PavCo's core facilities are expected to remain stable to Fiscal 2008/09 with some fluctuations due to changing event activity. There are growing expectations from clients for subsidies on rental and other related payments in recognition of the benefits that their events bring to Vancouver. The facilities will continue to operate at close to capacity during their peak usage periods.

The effect of the rise in the value of Canadian currency against the value of US currency and the pending requirement for US citizens to have passports, could result in a reduced number of international conventions taking place in Vancouver. However, to date, no definite bookings have been cancelled due to these issues, and VCEC's market diversification means that other international events will replace any reduction in US events.

The Bridge Studios experienced close to full occupancy during Fiscal 2005/06. Under its current configuration, it has maximized its revenue generating capability.

As PavCo's facilities are approximately 20-years old, requirements for repairs and maintenance will continue to escalate in the coming years. The Vancouver Convention & Exhibition Centre, which competes for business worldwide, requires and has a planned retrofit in order to remain competitive.

Sales and marketing activity for the Expansion of Vancouver Convention & Exhibition Centre has been well underway for over two years and has already delivered 60 conventions which are in various stages of the booking process. PavCo is working with the provincial government to determine the most efficient operating model for future operations of Vancouver Convention & Exhibition Centre, in order to ensure optimum occupancy upon opening and the most efficient organizational structure for the combined facility.

B.C. Pavilion Corporation - Comparison of Financial Results and Targets (in $000)

	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Target	2005/06 Actual	2006/07 Target
Revenue	26,657	27,335	29,760	29,948	32,628	31,983
Direct Costs	11,908	12,782	14,668	14,645	15,604	16,212
Gross Margin	14,749	14,553	15,092	15,303	17,024	15,771
Facility Expenses						
Staffing	6,359	6,166	6,166	7,489	7,311	7,627
Operating	5,180	5,461	5,410	7,752	6,055	8,849
General and administration	1,892	2,175	2,319	2,385	2,123	2,187
Business development	677	686	1,300	1,596	1,316	1,599
Fees	569	833	804	692	1,301	937
Depreciation	4,378	3,943	2,566	3,450	3,167	3,510
	19,055	19,264	18,565	23,364	21,273	24,709
(Loss) before other expenses	(4,306)	(4,711)	(3,473)	(8,061)	(4,249)	(8,938)
Other expenses						
Restructuring (costs) recovery	(901)	(181)	357	-	-	-
Cost of disposition Tradex	-	(2,807)	-	-	-	-
Write down BC Place Stadium	-	-	(75,000)	-	-	-
	(901)	(2,988)	(74,643)	-	-	-
Income (loss) before government contributions	(5,207)	(7,699)	(78,116)	(8,061)	(4,249)	(8,938)
Full time equivalent staff	148	127	128	148	147	148

Note:
Source of Financial 2005/06, and 2006/07 Targets is from 2005/06 – 2007/08 Updated Service Plan – published September 2005

B.C. Pavilion Corporation

Management's Responsibility for Financial Reporting

The accompanying financial statements of B.C. Pavilion Corporation for the year ended March 31, 2006 and all the information in this annual report are the responsibility of management and have been approved by the Board of Directors.

Management has prepared the financial statements for the year ended March 31, 2006 in accordance with Canadian generally accepted accounting principles. A precise determination of certain of the assets and liabilities is dependent on future events and consequently the preparation of the financial statements necessarily involves the use of management's best estimates and judgments. These financial statements present fairly the financial position of B.C. Pavilion Corporation as at March 31, 2006 and the results of operations and the changes in cash flows for the year then ended. Financial information used elsewhere in the Annual Report is consistent with that in the financial statements.

Management is responsible for the preparation, content, consistency, objectivity and integrity of the financial statements and all other financial information contained in this Annual Report. Management has established and maintains a system of internal controls that provides reasonable assurance that the financial records are reliable, form a proper basis for the preparation of the financial statements, and that the assets of the Corporation are properly accounted for and safeguarded. The internal control process includes a Peoples Policy applicable to the conduct of all employees.

The Audit and Finance Committee of the Board of Directors, which is comprised of directors who are not employees of the Corporation, oversees management's discharge of its financial reporting responsibilities. The Audit and Finance Committee meets periodically with management and the external auditors to discuss financial reporting, internal controls and other financial matters. The external auditors have free and independent access to the Audit and Finance Committee without management's presence.

The financial statements have been audited by the Auditor General of British Columbia, in accordance with Canadian generally accepted auditing standards and their report follows.

Doris Bradstreet Daughney
Chairman of the Board

John Harding
Chief Financial Officer

Report of the
Office of the Auditor General
of British Columbia

To the Members of the Board of Directors of the
B.C. Pavilion Corporation, and

To the Minister of Tourism, Sport and the Arts
Province of British Columbia:

We have audited the balance sheet of the *B.C. Pavilion Corporation* as at March 31, 2006 and the statements of operations and operations deficiency and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the *B.C. Pavilion Corporation* as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Victoria, British Columbia
April 28, 2006

Errol S. Price, CA
Deputy Auditor General

B.C. Pavilion Corporation
Balance Sheet

(in $000s)

March 31	2006	2005
Assets		
Current		
Cash and cash equivalents (Note 3)	**3,227**	3,445
Accounts receivable	**2,342**	1,949
Due from Province of British Columbia	**2,277**	476
Prepaid expenditures	**562**	538
	8,408	6,408
Capital assets (Note 4)	**58,084**	57,560
	66,492	63,968
Liabilities		
Current		
Trade payables and accrued liabilities	**3,806**	4,133
Current portion of long-term debt (Note 5)	**75**	75
Unearned revenue	**4,086**	2,797
	7,967	7,005
Long-term		
Long-term debt (Note 5)	**368**	443
Unearned revenue	**305**	276
	673	719
	8,640	7,724
Shareholder's Equity		
Share capital (Note 7)	-	-
Contributed surplus	**31,131**	31,131
Deferred government contributions (Note 8)	**28,795**	27,187
Operations deficiency	**(2,074)**	(2,074)
	57,852	56,244
	66,492	63,968

On behalf of the Board

Doris Bradstreet Daughney
Chairman of the Board

John Horning
Chairman of the Audit Committee

See accompanying notes to the financial statements.

B.C. Pavilion Corporation
Statement of Operations and Operations Deficiency
(in $000s)

Year Ended March 31	**2006**	2005
Revenues from operations (Note 9)	**32,628**	29,760
Direct costs	**15,604**	14,668
	17,024	15,092
Facility expenses		
Staffing	**7,311**	6,166
Operating	**6,055**	5,410
General and administration	**2,123**	2,319
Business development	**1,316**	1,300
Fees	**1,301**	804
Depreciation	**3,167**	2,566
	21,273	18,565
(Loss) before other expenses	**(4,249)**	(3,473)
Other expenses		
Restructuring costs (Note 6)	**-**	357
Impairment loss on capital assets	**-**	(75,000)
	-	(74,643)
(Loss) before government contributions	**(4,249)**	(78,116)
Deferred government contributions (Note 8)	**4,249**	78,116
Net operating income	**-**	-
Operations deficiency – beginning of year	**(2,074)**	(2,074)
Operations deficiency – end of year	**(2,074)**	(2,074)

See accompanying notes to the financial statements.

B.C. Pavilion Corporation
Statement of Cash Flows
(in $000s)

Year Ended March 31	**2006**	2005
Operations		
Loss before government contributions	**(4,249)**	(78,116)
Depreciation	**3,167**	2,566
Impairment loss	**-**	75,000
Loss on disposition of assets	**5**	7
Unearned revenue	**1,318**	196
Change in non-cash operating working capital (Note 10)	**(2,545)**	(42)
Cash (used in) operations	**(2,304)**	(389)
Financing		
Contributions from the Province of British Columbia	**5,857**	2,556
Cash provided by financing activities	**5,857**	2,556
Investing		
Capital asset additions	**(3,696)**	(2,065)
(Decrease) in long-term debt	**(75)**	(182)
Cash (used in) investing activities	**(3,771)**	(2,247)
Net decrease in cash and cash equivalents	**(218)**	(80)
Cash and cash equivalents – beginning of year	**3,445**	3,525
Cash and cash equivalents – end of year (Note 3)	**3,227**	3,445

See accompanying notes to the financial statements.

B.C. Pavilion Corporation
Notes to the Financial Statements - March 31, 2006
(tabular amounts in $000s)

1. Authority and purpose

B.C. Pavilion Corporation (PavCo) was incorporated under the laws of British Columbia on May 3, 1984. The mandate of PavCo is to generate economic and community benefit for the people of British Columbia through the management of public tourism and cultural facilities.

PavCo owns and operates BC Place Stadium and Bridge Studios, and operates the Vancouver Convention & Exhibition Centre under a separate agreement with Canada Place Corporation.

PavCo is exempt from income taxes under the Income Tax Act as it is wholly owned by the Province of British Columbia.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

Short-term investments
Short-term investments consist of units in the Province of British Columbia Pooled Investment Portfolios. Units are carried at the lower of cost adjusted by income attributed to the units, and fair value. Income attributed to the units represents the unitholder's share of the interest earned by the Portfolio and may be realized upon the sale of the units.

Capital assets
Capital assets funded through contributions by the Province of British Columbia are recorded at cost less accumulated depreciation.

Capital assets funded by the Government of Canada are recorded at cost, net of the related contributions and less accumulated depreciation.

Capital assets contributed by other parties in exchange for services are recorded at the fair value less accumulated depreciation.

Assets are depreciated over their estimated useful lives to PavCo:

Buildings and improvements	10 to 50 years, straight line
Furniture	5 years, straight line
Computer equipment	3 years, straight line
Leasehold improvements	over the shorter of the estimated useful life of the improvement and the term of the lease
Motor vehicles	30% per annum, declining balance
Equipment and other capital assets	1 to 10 years, straight line

2. Summary of significant accounting policies (continued)

Government funding
Funding received from the Province of British Columbia is recognized as deferred government contributions when received and is then recorded as a recovery to the extent operating expenses exceed revenues.

Funding for depreciable capital assets is recorded as deferred government contributions and is recognized as a recovery in the statements of operations equal to the depreciation charged on the related capital assets.

Funding for acquisition of non-depreciable capital assets, such as land, is recorded as contributed surplus.

Revenue recognition
Revenue from events at BC Place Stadium and the Vancouver Convention & Exhibition Centre is recognized on the completion of events. Amounts received in advance of event completion are recorded as unearned revenue.

Revenue from rentals at Bridge Studios is recognized as the facility is utilized.

Contra-transactions
Unearned revenue resulting from contra-transactions, such as the exchange of goods or services for advertising, is amortized over the term of the services contract.

Accounting estimates
The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires that management make estimates and assumptions based on information available. Such estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from the amounts estimated.

Environmental expenses
Under the current legislation responsibility for site cleanup rests with the polluter. Environmental expenditures incurred as a result of the ongoing business activities of PavCo are expensed or capitalized as appropriate.

Financial instruments
PavCo has various financial instruments including cash, receivables and payables. The carrying values of these financial instruments approximates their fair value due to their short-term nature.

Foreign currency transactions
Any foreign currency transactions are translated into Canadian dollars at the rate of exchange in effect at the transaction date. Any foreign currency denominated monetary assets and liabilities are stated using the prevailing rate of exchange at the balance sheet date.

2. Summary of significant accounting policies (continued)

Impairment of long-lived assets
PavCo reviews capital assets for impairment on an annual basis or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable in accordance with the accounting standard CICA Handbook Section 3063 "Impairment or Disposal of Long-Lived Assets". An impairment loss is recognized when the carrying amount of an asset that is held and used exceeds the projected undiscounted future net cash flows expected from its use and disposal, and is measured as the amount by which the carrying amount of the asset exceeds its fair value, which is measured by discounted cash flows when quoted market prices are not available.

Related parties
PavCo is related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations. Transactions with these entities considered to be in the normal course of operations, are recorded at the exchange amounts, predominantly under prevailing trade terms.

3. Cash and cash equivalents

PavCo considers deposits in banks and short-term investments with original maturities of three months or less as cash and short-term investments.

	2006	2005
Cash	**3,056**	2,287
Short-term investments	**171**	1,158
	3,227	3,445

4. Capital assets

	2006			2005
	Carrying Cost	Accumulated Depreciation	**Net Book Value**	Net Book Value
Facilities				
BC Place Stadium (Note 1)	99,625	48,785	**50,840**	50,085
Bridge Studios (Note 2)	14,676	8,625	**6,051**	6,493
Vancouver Convention & Exhibition Centre	6,659	5,480	**1,179**	982
Corporate Office	36	22	**14**	-
	120,996	**62,912**	**58,084**	57,560

Note 1 – BC Place Stadium carrying cost includes land $29,818 thousand
Note 2 – Bridge Studios carrying cost includes land $1,313 thousand

Management performed an impairment test using the undiscounted future cash flows for the operations of BC Place, which indicated that the net book value exceeds the current and future projected cash flows from operations of the facility at March 31, 2005. The recoverable

amount of the capital asset has been written down to its estimated fair value, resulting in an impairment charge of $75 million during fiscal 2005.

5. Long-term debt

	2006	2005
British Columbia Transportation Financing Authority	**443**	518
Less: Current portion	**75**	75
	368	443

The long-term non interest bearing debt is repayable over a ten year term to 2011. The minimum amount payable each year is $75 thousand.

6. Restructuring costs

In February 2002, the Province of British Columbia Core Review and Deregulation Task Force recommended that changes be made to the service delivery model of PavCo. At that time expenses to cover the costs of severance pay, lease obligations plus other costs were recorded. Subsequently the government reversed this decision.

	2006	2005
Balance beginning of the year	-	610
Used during the year	-	(253)
Reversal of accrual not required		(357)
Balance end of year	-	-

7. Share capital

PavCo has authorized capital of 10,000 common shares without par value of which one share is issued and outstanding. The Minister of Tourism, Sport and the Arts holds the share issued as the designated representative of Her Majesty the Queen in right of the Province of British Columbia.

8. Deferred government contributions

	2006			2005
	Capital Assets	Operating	Total	Total
Balance, beginning of year	27,187	-	27,187	102,747
Contributions received from the Province of British Columbia	3,292	2,565	5,857	2,556
	30,479	2,565	33,044	105,303
Allocated to operations:				
To offset depreciation recorded on related capital assets	(3,007)	-	(3,007)	(2,444)
To record write down in value of BC Place Stadium	-	-	-	(75,000)
To fund current operating deficiency	-	(1,242)	(1,242)	(672)
	(3,007)	(1,242)	(4,249)	(78,116)
Balance, end of year	27,472	1,323	28,795	27,187

9. Revenue from operations by business segment

	2006	2005
Vancouver Convention & Exhibition Centre	15,344	16,912
BC Place Stadium	12,713	9,414
Bridge Studios	4,503	3,352
Corporate Office	68	82
	32,628	29,760

10. Change in non-cash operating working capital

	2006	2005
Receivables	(393)	873
Due from Province of British Columbia	(1,801)	(476)
Prepaids	(24)	(118)
Trade payables and accrued liabilities	(327)	289
Restructuring costs	-	(610)
	(2,545)	(42)

11. Intangible rights

PavCo has had interests in two properties that have been sold or transferred to third parties. Under the terms of the transfer agreements, PavCo could have rights to further income or property at some future date if these or other adjacent properties are developed or sold.

The first relates to a parcel of land adjacent to BC Place Stadium that was transferred to a developer for future exchange for another piece of land of approximate size. If by 2008 the adjacent land is sub-divided or developed, then PavCo will receive the land exchange, otherwise, PavCo will receive cash compensation of approximately $150 thousand.

The second relates to a parcel of land in Surrey, British Columbia, that, if the land were to be sold or redeveloped before March 2016, then PavCo would receive three fifths of the sales proceeds of the land over $1.1 million. No estimate is available of the current value of the land or of the intention of the owner to dispose of it at this time.

12. Environmental costs

PavCo and predecessor property owners remain liable for environmental and reclamation obligations for known hazards that exist at Bridge Studios or may exist at other facilities. These hazards are being actively monitored and mitigated by PavCo's management. Management is not aware of any existing environmental problems related to its facilities that may result in material liability to PavCo.

13. Related party transactions

PavCo has the following related party transactions during the year, all of which were recorded at the exchange amount:

	2006	2005
Capital and operating funding	**5,524**	2,556
Signing bonus	**333**	-
Payment for office and professional services	**1,754**	1,353
Repayment of long-term debt	**75**	175

14. Subsequent event

Subsequent to year-end the shareholder directed PavCo to sell the assets associated with the operations known as Bridge Studios. Based on prior years results this will result in a reduction in revenue of $4,503 thousand (2005 - $3,352 thousand) and expenses of $2,596 thousand (2005 - $2,410 thousand). The carrying costs of the capital assets at March 31, 2006 are $6,051 thousand (2005- $6,493 thousand).

15. Employee benefits plan

PavCo and its employees contribute to the Public Service Pension Plan in accordance with the *Public Sector Pension Plans Act*. The British Columbia Pension Corporation administers the plan, including payment of pension benefits to employees to whom the act applies. The Public Service Pension Plan is a multi-employer, defined benefit plan. Under joint trusteeship, the risk and reward associated with the Plan's unfunded liability or surplus is shared between the employers and the plan members and will be reflected in their future contributions. The most recent actuarial valuation (March 31, 2005) has determined the Plan has an unfunded liability. As a result, the actuary has determined that an increase in contribution rates of 1.88% each, for plan members and employers, is necessary in order for the Plan to maintain its long-term financial soundness and thus its ability to meet the pension promise made to plan members. The trustees have decided that this increase in rates will be introduced effective April 1, 2006.

Contributions to the Plan by PavCo for fiscal 2006 were $399 thousand (2005 - $372 thousand).

16. Comparative figures

Certain comparative numbers have been restated to conform with the financial statement presentation used in the current year.

CORPORATE GOVERNANCE

The Board of Directors provides leadership and direction to the organization in a manner consistent with the policies and directives from the Provincial government. These policies and directives are communicated to the Board through the Chair. The performance results to be achieved by PavCo and the guidelines placed on how these results are achieved are governed by Board policies and communicated to staff through the Chair. In the case of a vacancy, the Board, in consultation with the Minister responsible, appoints the President and CEO.

The Board currently has two standing committees: Audit and Finance (A), and Human Resources, Compensation & Governance (G). The Audit and Finance Committee monitors financial reporting, internal controls, conflicts of interest, risk, and other related matters. The Human Resources, Compensation & Governance Committee deals with staffing, compensation issues, and the implementation of all structural changes to the organization. Both committees review and develop matters in their specified areas and make recommendations to the entire Board.

The Board of Directors meets at least four times each year, and the committees meet as needed.

PavCo's Board members and committees served are:

Doris Bradstreet Daughney (A) (G)
Norm Assam (A)
John Horning (A) (G)
Daniel Jarvis (G)
Miriam Kresivo (A) (G)

The Board of Directors has adopted the guiding principles included in the provincial government's Governance Framework that provides an understanding of the roles and responsibilities for all parties that are part of the Crown corporation governance environment:

- Stewardship, leadership and effective functioning of the board
- Clarity of roles and responsibilities
- Openness, trust and transparency
- Service and corporate citizenship
- Accountability and performance, and
- Value, innovation and continuous improvement.

Additional information on Board members and Board policies is now available on PavCo's website, http://www.bcpavco.com/about.html. PavCo now fully complies with the provincial government's "Governance and Disclosure Guidelines for Governing Boards of British Columbia Public Sector Organizations", as detailed on the Website.

MANAGEMENT:

Howard Crosley, General Manager, BC Place Stadium
John Harding, Chief Financial and Operating Officer. Corporate Secretary
Ron Hrynuik, General Manager, The Bridge Studios
Barbara Maple, President, Vancouver Convention & Exhibition Centre

INFORMATION ON OPERATING SEGMENTS (UNAUDITED)

Vancouver Convention & Exhibition Centre

Comparison of Financial Results and Targets (in $000)

	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Target	2005/06 Actual	2006/07 Target
Revenue	14,541	14,529	16,913	15,223	15,344	16,686
Direct Costs	7,507	7,759	9,101	8,450	8,297	9,732
Gross Margin	7,034	6,770	7,812	6,773	7,047	6,954
Facility Expenses						
Staffing	2,383	2,474	2,667	3,158	3,329	3,835
Operating	2,710	2,729	2,883	2,698	2,865	2,645
General and administration	840	1,147	1,179	1,116	987	1,394
Business development	419	413	1,026	1,276	1,001	1,302
Fees	147	237	378	164	687	222
	6,499	7,000	8,133	8,412	8,869	9,398
Income (Loss) before other expenses	535	(230)	(321)	(1,639)	(1,822)	(2,444)
Major repairs and capital expenditures	(704)	(66)	(638)	(600)	(704)	(600)
Subsidy requirement before depreciation	(169)	(296)	(959)	(2,239)	(2,526)	(3,044)

BC Place Stadium

Comparison of Financial Results and Targets (in $000)

	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Target	2005/06 Actual	2006/07 Target
Revenue	7,062	8,244	9,414	10,145	12,713	9,204
Direct Costs	3,474	4,344	5,270	5,570	6,903	4,620
Gross Margin	3,588	3,900	4,144	4,575	5,810	4,584
Facility Expenses						
Staffing	2,717	2,756	2,858	2,905	3,216	2,955
Operating	1,467	1,754	1,718	2,206	2,349	1,769
General and administration	750	891	944	994	961	1,032
Business development	204	230	233	208	282	240
Fees	82	102	238	204	322	200
	5,220	5,733	5,991	6,517	7,130	6,196
Income (Loss) before other expenses	(1,632)	(1,833)	(1,847)	(1,942)	(1,320)	(1,612)
Major repairs and capital expenditures	(421)	(346)	(1,361)	(2,400)	(2,840)	(1,320)
Subsidy requirement before depreciation	(2,053)	(2,179)	(3,208)	(4,342)	(4,160)	(2,932)

Bridge Studios

Comparison of Financial Results and Targets (in $000)

	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Target	2005/06 Actual	2006/07 Target
Revenue	3,412	3,789	3,352	3,536	4,503	3,988
Direct Costs	224	361	297	263	404	293
Gross Margin	3,188	3,428	3,055	3,273	4,099	3,695
Facility Expenses						
Staffing	271	230	275	326	339	335
Operating	655	759	809	828	841	868
General and administration	256	288	287	267	287	276
Business development	11	32	34	42	32	46
Fees	51	305	28	78	116	120
	1,244	1,614	1,433	1,541	1,615	1,645
Income (Loss) before other expenses	1,944	1,814	1,622	1,732	2,484	2,050
Major repairs and capital expenditures	(5)	(44)	(66)	(232)	(136)	(550)
Subsidy requirement before depreciation	1,939	1,770	1,556	1,500	2,348	1,500

Note:
Source of Financial 2005/06, and 2006/07 Targets is from 2005/06 – 2007/08 Updated Service Plan – published September 2005

Event Highlights during the Year Ended March 31, 2006

Vancouver Convention & Exhibition Centre

307 Events

Cisco Systems
Pacific Dental Conference 2006
Union of BC Municipalities
Society of Breast Imaging
Aga Khan Visit 2005
World Conference on Melanoma
Truck Loggers Association
Family Medicine Forum 2005
Canadian Produce Marketing Association
Progressive Group Alliance Business Summit
BC Complete Beauty Show

BC Place Stadium

75 Events – 215 Event days

2005 Grey Cup
BC Lions Regular Season Football
Western Division Playoff
Pacific International Auto Show
BC Home and Garden Show
Vancouver International Boat Show
Vancouver Sun Run
Vancouver Home & Interior Design Show
Vancouver Gift Show
World Supercross GP
MonsterJam / Motorspectacular

The Bridge Studios

24 Productions

Stargate / Atlantis
Black Christmas
Killer Instinct
Dungeon Siege
Television Commercials

APPENDIX 1

Comparison of new and old performance measures, and source of data.

GOAL	Measures per 2005/06 to 2007/08 Service Plan	Measures per 2006/07 to 2008/09 Service Plan	Reason for change in measures	Source of Data
Maximization of revenues and economic growth	Comparison of net Economic Benefits generated through operations	Same		Vancouver Convention & Exhibition Centre bases estimates on detailed surveys of client, delegate and production spending for each event and economic impact estimates calculated through the BC Stats Input/Output model. BC Place Stadium bases estimates on the Tourism Economic Assessment Model developed by the Canadian Tourism Research Institute, using visitor, exhibitor, and producer numbers for those attending events. Bridge Studios bases estimates on film producers' costs of productions in the province. Benefits are for net economic benefits to British Columbia, unless otherwise disclosed.
	Compare Contribution (subsidy) on operations (before depreciation) BCPS and VCEC	Same		Generated from financial data used to compile audited statements.
	Comparison of revenues Bridge Studios	Same		Generated from financial data used to compile audited statements.
	Compare year-over-year attendance at BCPS	Same		Ticket count of visitors to spectator events and floor count of number of visitors to other events at BC Place Stadium.
	Increase non-resident delegate days at Vancouver Convention & Exhibition Centre	Same		Actual delegate days are the number of out-of-province delegates, as supplied by show managers and tracked through the corporate Event Management System. Estimates for future years from data provided through the Corporate Event Management System.
Maintain and increase client services and satisfaction	Score on client satisfaction surveys at BCPS and VCEC	Same		Data from surveys sent post-events to clients.
	Retention of existing business at BCPS	Same		The count of recurring major events for the year compared with the number of events in the previous year.

APPENDIX 1

Comparison of new and old performance measures, and source of data.

GOAL	Measures per 2005/06 to 2007/08 Service Plan	Measures per 2006/07 to 2008/09 Service Plan	Reason for change in measures	Source of Data
Maintain and improve the facilities under our management	Margin per event (excluding football) at BCPS	Same		Margin per event and event type is tracked through the financial system.
	Measure facility occupancy at the Bridge Studios	Same		Comparison of square footage occupied at the Bridge Studios against total square footage available for the year.
	Violations of environmental regulations at the Bridge Studios	Measure removed	All violations are recorded and remedied. This has been kept as an internal measure	
Innovation, learning and growth	Job specific training expenditures per staff member at VCEC	Measure removed	Retained as internal measure	
	Training hours per employee at the Bridge Studios	Same		Detail of training sent to Corporate Human Resources.
	Employee retention at BCPS	Measure removed	Retained as an internal measure	

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